



Arkansas Insurance Department

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Mike Huckabee
Governor

Mike Pickens
Commissioner

February 17, 2004

BULLETIN: 3 –2004

TO: ALL LICENSED INSURERS, ALL LICENSED HEALTH MAINTENANCE ORGANIZATIONS (HMOS), ALL LICENSED FRATERNAL BENEFIT SOCIETIES, ALL LICENSED FARMERS' MUTUAL AID ASSOCIATIONS AND COMPANIES, ALL LICENSED HOSPITAL OR MEDICAL SERVICES ORGANIZATIONS, OTHER LICENSED AND APPOINTING ENTITIES, NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS, TRADE ASSOCIATIONS, AND OTHER INTERESTED PARTIES

FROM: ARKANSAS INSURANCE DEPARTMENT

SUBJECT: COMPANY APPOINTMENT RENEWALS – CHANGE IN PROCEDURE DUE TO 2003 LEGISLATION

Every insurer ("company") appointing an agent in this state shall file with the Insurance Commissioner an initial appointment setting out the kinds of insurance to be transacted by the agent and pay the applicable fee. The appointing company's appointment of an agent shall be an indication to the Commissioner that the company has reviewed the agent's background and fitness to be an agent. Each appointment shall remain in effect until the agent's license is revoked or otherwise terminated unless written notice of earlier termination of the appointment is filed with the Commissioner by the company or agent.

Effective January 1, 2004, the following annual procedures apply for appointment renewals and appointment terminations. The provisions of Ark.Code Ann §23-64-219 have changed insurance company appointment renewals from biennial renewals based on the lines of authority to an annual renewal for all company appointments.

Prior to submitting the annual renewal, companies must review all their appointed producers and agencies and determine whether or not the company will renew the appointment. The company can research the agents and agencies appointed with their company by going to the Arkansas Insurance Department website at www.state.ar.us/insurance and select the *General Data Services* link and then selecting the *Company Appointment* link. This program will display all the appointments the Arkansas Insurance Department has processed for the insurance company and will show appointment status. The company can also verify Arkansas appointments by use of the NAIC data base; or ask for a list from the Department's Information Systems Division, by calling 501-371-2657, or with electronic notice to Insurance.Information.Systems@mail.state.ar.us RE: "Company Appointment Listings".

After review of the appointments, the company should identify those appointments that they do not wish to renew and the company must process a termination of that appointment with the Arkansas Insurance Department. The company can send the termination on paper termination forms with fee to the Department for processing, or the company can process the termination by electronic media. If the company uses paper form processing the completed forms and fees must be received at the Insurance Department on or before May 15th. All paper form

terminations received after May 15th will not processed prior to renewal invoice generation and the company will be required to pay for those appointments. If the company is using electronic media to terminate appointments the electronic requests can be accepted until June 20th.

Effective July 1, of each year, the Insurance Department will mail each insurance company or appointing entity an invoice for annual renewal fees of all active appointments for the company as of June 30th. This fee will renew the appointment until June 30th of the next year. The company must return a copy of the invoice and payment fee no later than 30 days from the date of the invoice. A penalty of up to double \$ fee can be charged to companies who fail to meet the invoice payment deadline.

If the company disputes the total \$ amount due for the renewal of appointments, the company must pay the amount of the invoice before the due date; however the company should send documentation, which supports the company's claim on the disputed amount to the Department for review. This request for review and documentation must be sent under separate cover from the renewal invoice and fee. The Department will review the documentation and if the matter is decided in the favor of the insurance company the Department will issue a refund for the correct amount

Questions concerning this Bulletin should be directed to Sherrell Givens, License Division at 501-371-2750 or e-mail at sherrell.givens@mail.state.ar.us.

(signed by Mike Pickens) _____
MIKE PICKENS
INSURANCE COMMISSIONER

February 18, 2004 _____
DATE